

EXHIBIT B



Global Equity Research

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Sector Comment

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Tyco Healthcare: A First Look Through the Separation Documents

■ Form 10-12B filed last night reveals more details on spin

Last night, Tyco filed its separation documents. The Tyco Healthcare Form 10-12B provided a look at the corporate strategy, the separate financials, allocation of debt, dividends, and more. Of note, the spin-offs are now likely a C2Q07 event, not C1Q07-end.

■ The strategy: increase R&D, acquisitions, expand globally

Tyco Healthcare's stand-alone strategy includes "increasing R&D initiatives, pursuing targeted external opportunities, and enhancing [the] global commercialization infrastructure, including sales, marketing and distribution." The was largely what we expected, though unlike the other companies, no possible divestitures were noted. We think pruning may still occur.

■ Other notable items

Gross margins were as expected. Debt allocation was a bit higher, but not restrictive for future M&A. Relative to the divisional figures, free cash flows on a separate basis were lower due to allocation of corporate exp, interest, and taxes.

■ Valuation at spin will matter for investor interest

We estimated the enterprise value for Tyco HC at \$26-\$29B using a 15% discount to the peer group using a variety of metrics and calendar 2006 financials. The valuation may change (+/-) based on the stand-alone strategy & incremental costs, and financial outlook. There are still too many moving parts to narrow valuation.

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Tyco Healthcare

***It's Spinning*****EXHIBIT B**

This report has been prepared by UBS
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■ **Statement of Risk**

We believe a key risk to TYC's stock is the potential for further delay in the separation process. Additionally, Significant weaknesses in the electronics and/or industrial markets could cause earnings to fall below current expectations. With respect to the healthcare valuation, factors that could alter our results include the company's stand-alone strategy, greater-than-anticipated standalone costs, a slower than expected recovery in top and bottom line growth rates, materially dilutive acquisitions, and continued pricing declines across the segments.

■ **Analyst Certification**

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